

**Letter to the United States Attorney in Cases  
Handled by that Office where Payment is Due  
the United States Pursuant to Settlement**

Attention:

Re: \_\_\_\_\_

Your file:

Dear \_\_\_\_\_:

This refers to your letter of \_\_\_\_\_, transmitting an offer submitted by the proponent to compromise [the above-entitled case(s)] [the Government's claim asserted in the above entitled case(s)] [against \_\_\_\_\_ for [\_\_\_\_\_ tax(es)] [§ 6672 penalty with respect to (name of corporation) \_\_\_\_\_] for the period \_\_\_\_\_] [against (describe the particular fund or property which is the subject of the settlement) \_\_\_\_\_]] on the basis of

This is to advise you that the offer has been accepted on behalf of the Attorney General [on condition that payment be made within 30 days from the date of your notification to proponent] [and] [with the understanding that (no part of the payment is deductible for federal income tax purposes) (this settlement does not constitute a compromise of the tax liability of (name of taxpayer) \_\_\_\_\_)]. 1/

Please advise the proponent of this action and secure [a] cashier's or certified check(s) payable to the "Internal Revenue Service" and bearing a notation as to the taxpayer's [social security number] [identification number]. [The] [Each] check should be direct deposited by your office for transfer to the Internal Revenue Service account. This office should be advised immediately in the event of any default. [Please advise the proponent that the income tax returns, annual statements of income, and payments required under the collateral agreement

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1/ Ideally, the timing of payment should be covered in the offer, and, if not in the offer, in the acknowledgement letter. There is a danger in imposing a condition to the acceptance, since, in effect, it constitutes a counteroffer and, thus, there may not be a binding contract. On the other hand, if the timing of the payment is not covered in the offer or by a condition of acceptance, payment may not be made until some time in the distant future. Generally, payment should be required within 30 days. Similarly, it is preferable that the matter of nondeductibility of the payment be resolved by the acknowledgement letter.

should be sent to the Internal Revenue Service, (P.O. Box \_\_\_\_\_,)  
(address) \_\_\_\_\_,  
(city) \_\_\_\_\_, (state) \_\_\_\_\_ (zip code) \_\_\_\_\_,  
attention: \_\_\_\_\_.]

[Upon receipt of the total amount due, you are authorized to execute a stipulation for dismissal of the [case(s)] [Government's claim described above] with prejudice, each party to bear its own costs including any attorneys' fees or other expenses of litigation. Please send this office a copy of the fully executed stipulation.] [The Internal Revenue Service will [release the lien(s) against (name of taxpayer) \_\_\_\_\_ for the [tax(es)] [penalty] at issue in this case] [discharge (describe fund or property involved) \_\_\_\_\_ from the lien(s) against (name of taxpayer) \_\_\_\_\_ for the [tax(es)] [penalty] at issue in this case].] 2/

[Please send this office a copy of the judgment entered against \_\_\_\_\_ pursuant to the settlement. Upon receipt of the total amount due under the settlement, [including (accrued interest) (and) (amounts due under the collateral agreement),] you are authorized to file a satisfaction of judgment with the court.] [The Internal Revenue Service will [release the lien(s) against (name of taxpayer) \_\_\_\_\_ for the [tax(es)] [penalty] at issue in this case] [discharge (describe fund or property involved) \_\_\_\_\_ from the lien(s) against (name of taxpayer) \_\_\_\_\_ for the [tax(es)] [penalty] at issue in this case].] 3/

Sincerely yours,

[NAME OF ASSISTANT ATTORNEY GENERAL]  
Assistant Attorney General  
Tax Division

By:

[NAME OF CHIEF OF SECTION]  
Chief, \_\_\_\_\_ Section  
\_\_\_\_\_ Region

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2/ A lien should be released only when the tax liability is going to be totally extinguished as the result of the settlement. On the other hand, property should be discharged from the lien when the lien will no longer attach to that property as the result of the settlement, but will otherwise remain in full force and effect.

3/ See footnote 2.

cc: District Counsel  
Special Procedures